

E-FILED ON JULY 16, 2007

Annette W. Jarvis, Utah Bar No. 1649
 Steven C. Strong, Utah Bar No. 6340
 RAY QUINNEY & NEBEKER P.C.
 36 South State Street, Suite 1400
 P.O. Box 45385
 Salt Lake City, Utah 84145-0385
 Telephone: (801) 532-1500
 Facsimile: (801) 532-7543
 Email: ajarvis@rqn.com

Lenard E. Schwartzer, Nevada Bar No. 0399
 Jeanette E. McPherson, Nevada Bar No. 5423
 SCHWARTZER & MCPHERSON LAW FIRM
 2850 South Jones Boulevard, Suite 1
 Las Vegas, Nevada 89146-5308
 Telephone: (702) 228-7590
 Facsimile: (702) 892-0122
 E-Mail: bkfilings@s-mlaw.com

Attorneys for Debtors and Debtors-in-Possession

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re:
 USA COMMERCIAL MORTGAGE COMPANY,
 Debtor.

In re:
 USA CAPITAL REALTY ADVISORS, LLC,
 Debtor.

In re:
 USA CAPITAL DIVERSIFIED TRUST DEED
 FUND, LLC,
 Debtor.

In re:
 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 Debtor.

In re:
 USA SECURITIES, LLC,
 Debtor.

Affects:

- ☐ All Debtors
- ☐ USA Commercial Mortgage Company
- ☐ USA Securities, LLC
- ☒ USA Capital Realty Advisors, LLC
- ☐ USA Capital Diversified Trust Deed Fund, LLC
- ☐ USA Capital First Trust Deed Fund, LLC

Case No. BK-S-06-10725 LBR
 Case No. BK-S-06-10726 LBR
 Case No. BK-S-06-10727 LBR
 Case No. BK-S-06-10728 LBR
 Case No. BK-S-06-10729 LBR

Chapter 11

Jointly Administered Under
 Case No. BK-S-06-10725 LBR

**USA CAPITAL REALTY ADVISORS,
 LLC'S FIRST REPORT OF ACTION
 TAKEN AND PROGRESS TOWARDS
 CONSUMMATION OF CONFIRMED
 PLAN OF REORGANIZATION**

**(Affects USA Capital Realty Advisors,
 LLC)**

SCHWARTZER & MCPHERSON LAW FIRM
 2850 South Jones Boulevard, Suite 1
 Las Vegas, Nevada 89146-5308
 Tel: (702) 228-7590 · Fax: (702) 892-0122

USA Capital Realty Advisors, LLC ("USA Realty"), by and through its counsel, hereby submits this First Report of Action Taken and Progress Towards Consummation of Confirmed Plan of Reorganization ("First Report"). This First Report is submitted pursuant to Article VIII, Section T of the Debtors' Third Amended Joint Chapter 11 Plan of Reorganization (the "Plan"), Paragraph 74 of the Court's "Order Confirming the Debtors' 'Third Amended Joint Chapter 11 Plan of Reorganization,' as Modified Herein" (Docket No. 2376) (the "Confirmation Order"), and the Court's Order dated April 30, 2007 (Docket No. 3627). The Plan became effective on March 12, 2007 (the "Effective Date"), and this First Report covers the period of March 13, 2007, through June 30, 2007.

I. Resolution of Proofs of Claim Filed Against USA Realty

As of the date of this First Report, USA Realty has resolved nearly all of the proofs of claims filed against it.

1. As of the Effective Date, 67 proofs of claim had been filed against USA Realty.

2. Resolved Proofs of Claim. USA Realty has taken the following actions to resolve the proofs of claim filed against it:

a. On October 26, 2006, the Court entered an Order disallowing claim number 10726-00017 (Docket No. 1674).

b. On March 8, 2007, USA Realty filed its Omnibus Objection to Certain Claims (Docket No. 3017) and its Omnibus Objection to Misfiled Claims (Docket No. 3019) objecting to most of the claims filed against it. The Court sustained in part the Omnibus Objection to Certain Claims (Docket No. 3733) and sustained in full the Omnibus Objection to Misfiled Claims whereby certain claims were reclassified as timely filed proofs of claim against USACM (Docket No. 3734).

c. On June 8, 2007, USA Realty and various claimants known throughout this proceeding as the Kantor Claimants entered into a stipulation whereby the Kantor Claimants agreed to withdraw their claims against USA Realty (Docket No. 3922). The Court approved this stipulation by an order dated the same day (Docket No. 3929).

d. USA Realty stipulated with the Internal Revenue Service to allow its claim (10726-00045) as a \$1,000 unsecured non-priority claim, which stipulation the Court approved by Order dated June 12, 2007 (Docket No. 3957).

e. USA Realty did not object to claim number 10726-00030 filed by the Pension Real Estate Association as an unsecured non-priority claim in the amount of \$2,585.

3. PBGC's Claims. On June 29, 2007, USA Realty filed objections to claims number 10729-00024, 10729-00025, and 10729-00026 all filed by the Pension Benefit Guaranty Corporation ("PBGC"). USA Realty disputes the amounts of the PBGC's claims and asserts that the PBGC will receive a double recovery on account of its claims if they are allowed in any amount against USA Realty. The Court is scheduled to hold a status hearing on the objections on July 27, 2007, at 9:30 a.m. Negotiations between USA Realty and the PBGC are ongoing.

4. McGimsey Claims. USA Realty has also objected to claims number 10729-00041 through 10729-00044 and 10729-00054 through 10729-00057 (known as the "McGimsey Claims"). The Court held a status conference on the objections to the McGimsey Claims on June 15, 2007, which it then continued until October 15, 2007. USA Realty is working to resolve the McGimsey claims and hopes to reach a resolution prior to that date.

II. Resolution of Scheduled Claims

1. On June 15, 2006, USA Realty filed its Schedules listing eight unsecured non-priority claims totaling \$125,224.15 (Docket No. 673).

2. On June 8, 2007, USA Realty filed an omnibus objection to the scheduled claims of Beadle McBride, Kummer Kaempfer Bonner Renshaw & Ferrario, and Santoro Driggs (Docket No. 3919) asserting that USA Realty was no longer liable on account of these claims since the parties had affirmatively sought payment of their claims from other Debtors.

3. The hearing on this omnibus objection is scheduled for July 27, 2007.

III. Resolution of Motions, Contested Matters, and Adversary Proceedings

As of the date of this First Report, essentially all of the motions, contested matters, and/or adversary proceedings involving USA Realty have been resolved.

1 1. Matters before this Court. At this time, the only matters pending before this Court
 2 involving USA Realty, other than its objections to the PBGC's claims, the objections to the
 3 McGimsey claims, and the objections to the three scheduled claims, as discussed above, are (A)
 4 the USA Realty Professionals' final fee applications, and (B) a "conditional" adversary proceeding
 5 which was filed by Compass against, in relevant part, all of the Debtors on July 7, 2007,
 6 designated as Adversary Proceeding No. 07-01105 ("Compass Proceeding").

7 a. Final Fee Applications. A hearing on the USA Realty Professionals' Final
 8 Fee Applications is scheduled for August 7, 2007, and it is anticipated that matters related
 9 those to Applications will be concluded at that time, and that USA Realty will be authorized
 10 to make distributions to the USA Realty Professionals from the Ordered Expense Reserve.

11 b. Compass Proceeding. As of the date of this First Report, USA Realty has
 12 not been served with the Complaint in the Compass Proceeding. USA Realty intends to file
 13 a motion to dismiss the Compass Proceeding, if and to the extent that such a motion is
 14 necessary to timely close this case. USA Realty will schedule any such motion to dismiss to
 15 be heard in conjunction with its motion to close the case, currently anticipated to be filed in
 16 time to be heard on the August 23, 2007 calendar.

17 2. Matters before the District Court. In addition to the limited matters before this
 18 Court, USA Realty has been a party to three appeals of the Confirmation Order before the United
 19 States District Court for the District of Nevada ("District Court"). These appeals, however, have
 20 either been dismissed, or USA Realty has been dismissed as a party.

21 a. USA Investment Partners, LLC and several others, filed an appeal from the
 22 Confirmation Order, ultimately designated as District Court No. 07-00138. Pursuant
 23 to USA Realty's motion to dismiss, this appeal has been dismissed with prejudice by
 24 the District Court, and the District Court's Order is now final.

25 b. Debt Acquisition Company of America V, LLC ("DACA"), also filed an
 26 appeal from the Confirmation Order, ultimately designated as District Court No. 07-
 27 00160. USA Realty filed two motions to dismiss this appeal, and fully briefed the
 28 appeal. Just prior to oral argument before the District Court, DACA and USA

1 Realty entered into a stipulation to dismiss USA Realty from the appeal. The
 2 District Court approved this stipulation by Order dated July 12, 2007. Thus, USA
 3 Realty is no longer a party to this appeal.

4 c. Finally, the so-called "Lenders Protection Group" and the Jones Varges
 5 Direct Lenders, filed an appeal from the Confirmation Order, ultimately designated
 6 as District Court No. 07-00072. USA Realty, along with the other Debtors,
 7 successfully obtained an Order of the District Court vacating a stay pending appeal
 8 that had been entered by the Bankruptcy Appellate Panel, it filed two motions to
 9 dismiss the appeal, and fully briefed the appeal. Just prior to oral argument before
 10 the District Court, the Appellants and USA Realty entered into a stipulation to
 11 dismiss USA Realty from the appeal, and on July 11, 2007, the District Court
 12 entered an Order approving that stipulation. Thus, USA Realty is no longer a party
 13 to this appeal.

14
 15 Respectfully submitted this 16th day of July, 2007.



16
 17
 18 Lenard E. Schwartz, Nevada Bar No. 0399
 19 Jeanette E. McPherson, Nevada Bar No. 5423
 20 SCHWARTZER & MCPHERSON LAW FIRM
 21 2850 South Jones Boulevard, Suite 1
 22 Las Vegas, Nevada 89146

23 and

24 Annette W. Jarvis, Utah Bar No. 1649
 25 Steven C. Strong, Utah Bar No. 6340
 26 RAY QUINNEY & NEBEKER P.C.
 27 36 South State Street, Suite 1400
 28 P.O. Box 45385
 Salt Lake City, Utah 84145-0385

935559

P:\USA Commercial Mortgage\Pleadings>Status Reports\Realty 071607.DOC